

August, 2022

Executive Director Report to the Board of Directors

Hello, everyone!

[Context Reminder](#)

OVERVIEW

My last report to you was in May. While we met in June, I was excused from the board report. In July we had intended to have the board retreat, however that was cancelled.

I suspect I may have company in finding it unbelievable that it is already August! I typically appreciate writing these reports to you all as it also gives me time to reflect each month. And as I do so this month, I have a hard time conveying how much *isn't here* in these *nine* pages: regular operations, managing and developing staff in transitioning finance and lending teams, selling and rehabbing properties, dealing with maintenance and tenant issues, trying to hire – there is never a dull moment, to be sure.

I would reiterate, as I had suggested in May, that we should not underestimate the coupling of a housing crisis, increased interest rates, inflation, and increased fuel prices have seemed to dampen the desire for homeowners to take on loans and energy efficiency and home repair projects. That said, since July, with the fuel/oil crisis and the looming winter months ahead, our HEAT Squad auditors have been quite busy. A prepared homeowner is most definitely better than not, but unfortunately, the higher costs of materials and labor, in addition to the timelines that contractors are able to get to customers, has resulted in a slowdown of audits converting to projects which is where we receive additional fees.

Lending is down across all products and our pipeline of typically 30 projects is down to about 20 projects. With the increase in interest rates coupled with the lack of housing stock, we anticipate a definite slow-down in down payment assistance loans. You can see our lack of conversations from lead to projects also show up in the monthly dashboards, as well as the financials. When we generate a project, we often have grants that we provide to customers, so when we haven't disbursed as many as we would have liked by this time of the year, that shows up as 'remaining' in the budget (example - home repair evaluations convert to projects and that gets grant dollars out the door and typically increases our loan production).

We spoke with the Finance Committee in July about the update to the board being through June, however we are presenting May this month as we are again a bit behind in our closing of June financials due to some staffing issues. That said, we have included a new forecast for the rest of the year. We have also made some good progress of being able to provide a review of our loan portfolio returns for the coming years. We will use this as we strategically think through the potential use of these funds if programs don't break even on an annual basis. We've finally been able to make a step in the right direction there, however the data we can pull from our system is quite cumbersome, so we're now working through it.

You might remember that I had mentioned providing a list of additional roles that I believe we need to increase the capacity of the organization. While I continue to believe we need these staff people, as I mentioned in May, until we have a better understanding of our financial position through the end of the year, I don't believe we can consider a

discussion on those additions with the exception of the Director of Communications and Outreach. I am working on that job description, and we will likely have that posted by the end of August. Given our business model, we simply *must* focus on marketing and outreach, to which this role is absolutely critical. We have also posted for the lender role given that our time with the two credit unions which have been assisting us is coming to an end in August. We may need to suspend lending if we cannot find a staff person.

As I also mentioned in May, it continues that we're just not able to focus on growth and all that will take unless we can free up some time for a number of staff members, as well as add capacity needed in the areas of marketing and outreach and grant compliance, let alone consultants needed for REDI, strategic plan implementation and advocacy.

EVENTS/ACTIVITIES

- NeighborWorks Week – We provided 75 dinners to community members, replaced the lighting around the pocket parks in West Rutland and planted flowers at the dog park. Ludy came to the office and had lunch with us, as well. (June 10 2022)
- NeighborWorks America Northeast Region Executive Director Symposium (June 15 – 17 2022)
- Festival on the Green – Middlebury – NWWVT sponsored an evening of music (July 10 2022)
- Outreach – We've participated in events in Rutland (National Night Out), as well as Lyndonville, Canaan and Rygate fairs with HEAT Squad (July + August 2022)

FUTURE EVENTS/HAPPENINGS

- Staff Retreat – (August 12th) We are going to be engaging with our Marketing + Communications consultant, Elise Annes, to initial our internal stakeholder conversations on marketing and branding, as well as hear from Kheya Ganguly, the State's Director of the office on Trauma Resilience. Kheya is working with the leadership team to develop several trainings for the staff as we journey toward becoming a trauma informed and responsive organization. She provided our team with the following readings:
 - Article on [Community Care versus Self-Care](#)
 - [Building Trauma Responsive Organizations](#)
 - [Six Principles of Trauma Informed Care](#)
- NeighborWorks America – (August 14 – 17) New ED Symposium where we heard about the work of other organizations around New England, and the keynote speaker was [Dr. Charles Dorsey](#) of the Dorsey Group who spoke about the need for clarity and consistency on our REDI work. I sat on the steering committee for this symposium, as well.

PARTNER ENGAGEMENTS

- Brennan Duffy, Executive Director, Rutland Regional Development Authority and Michael Talbot, Rutland City Select Board – Continuing to develop a \$400,000 *market rate* rental repair revolving loan fund that NWWVT would administer. We are meeting with them again on August 11th to finalize the details. The hope is that this will spur others to contribute to and grow this fund.
- Tim Guiles, Town of Brandon Selectboard – Met with Tim and the town clerk to discuss the potential coordination of revolving loan fund for small businesses in Brandon, however the initial excitement about ARPA funding for this purpose has changed and will be used for other opportunities. We also discussed the need for a housing strategy so

they knew what they might try to tackle first and how they could work with current partners (NWWVT, Rutland Housing Trust, etc).

- Office of Economic Opportunity – Met with Director Sarah Phillips and Director of Weatherization Geoff Wilcox to review how HEAT Squad operates and engages with the weatherization agencies. (June 22 2022)
- Habitat for Humanity – Met with EDs from Rutland, Bennington, and Central VT to further discuss MOU creation and updates, as well as how we can work together on, but also the limitations to, NWWVT providing counseling and loans to Habitat customers. There is a critical need for us to work together to find a sustainable funding source for these loans. (June + July 2022)
- Vermont Affordable Housing Coalition – I have been asked to sit on the steering committee in order to bring the affordable housing/homeownership voice to the group.
- Housing Council – I will continue on this governor appointed committee as the Regional Non-Profit Housing Developer. This is a group of all the housing entities across the state that come together to share updates.

LEGISLATIVE UPDATE

- Action Circles – Latest legislative update will be linked when the legislature is in session.
- Additionally, we have begun to meet with action circles on developing an advocacy agenda in support of our Community Outreach objective in our [strategic plan](#). This will include a number of activities to improve our relationships with and knowledge of NWWVT with the legislators who are currently in place and those that will be elected in the future, as well as discussions on our future efforts around affordable homeownership. This will include discussions with the board, as well. When there is more to the framework for these discussions, I will share it with the board.

OPERATIONS

- We continue to work diligently on procedures across the organization.
- We have begun to allow the community to use the Community Room again and are working on guidelines/rules for that use.

MARKETING, COMMUNICATION and OUTREACH

- We have begun our working with [Momentum Communications](#). The [scope of work](#) will include internal (staff and board) and external stakeholder conversations, a customer base assessment, a marketing and communications audit, and recommendations for our marketing, outreach, communications and social media strategies. **Elise is asking us to provide 5-10 stakeholders with whom she should speak – if you have ideas on stakeholders that we should speak with, please do let me know.**

HUMAN RESOURCES

- Working with Teresa Miele provided an [HR assessment](#) of the organization's human resource functions. Teresa will be assisting us with a number of tasks, including the update of our emergency plan (which was required to be developed during COVID), a review and clean-up of our personnel files as we are not in compliance with good practice and laws which require certain compliance practices around I-9's, medical records and personnel records, the update of our procedures across our human resource practice, as well as our education on HR policies and procedures.
- We have reached out to CGI Benefits Administration to review benefits administration, however at \$6000 per year, I recommend that we continue to do this in house with good procedures in place (which are near completion).

- *Staff Accountant* – We have hired Paul Lasky for this role. Paul started on July 18th and is progressing nicely in the role. Our Sr. Staff Accountant, Ingrid Wisell, has been training him on Accounts Payable (our invoices to be paid) and our daily cash processes, among many other tasks required to keep the organization on good financial footing.
- *Lender position* – It has been challenging to find an applicant for this role. We brought one person in for an interview this week, but this person does not have the experience that we are ideally seeking. If you have any thoughts or suggestions, please let me know.
- *Director of Communications and Outreach* – We are going to be hiring for this critical role in the coming weeks. This is a new position which will be at a director level without any direct reports, however will be a part of the leadership team.
- *Lender Training* – The entire team will be going through a lender training that NeighborWorks America is providing in September, however our Loan Servicer, Jerry DePhillips, will be taking the 20-hour licensing course for the lender position. Jerry will be our back-up lender and would like further training as a lender which we anticipate will occur when our more tenured role position is filled.
- *Departures* – Liz Fyles, Staff Accountant – Resigned in June for a hired paid private sector accounting opportunity with an energy company; Tricia Leone, Housing Counseling – Resigned in July for health reasons.

GRANTS

- Please see the [Funder and Grant Reporting and Compliance inventory](#). This is a database of funders, reporting requirements and timelines. Grant agreements and reports for your review at your convenience are planned to be included. Additionally, we will review this report semi-annual to confirm that we are in compliance with our reporting requirements to all funders.
- [NWWVT FY 2021 Audit](#) – The audit was presented to the board in June, however I wanted to follow up with reference point here, as well. Congratulations on an unmodified audit with no findings! We do have two recommendations to which we responded in the management letter and will be working with our team for the future.
- NeighborWorks America provided it's [3-year PROMPT Review and audit report](#) to us, in which we remain an Exemplary rated organization. Congratulations! This rating is very important in that it is tied to one of the rounds of grant award amounts on an annual basis. We will have a 'desk-review' again next year in which NWA will review only the PRO of the PROMPT assessment.
- Our work with Clean Energy Development Fund ([CEDF](#)) and the [wood stove replacement program](#) has wrapped up.
- The Home Repair program which consists of grants and loans to low-income households is funded by a three-year grant that was in place between 2020-2022. We will soon be applying for those funds for next year.

STRATEGIC PLAN

- The leadership team continues to work toward the FY22 Annual Operating Plan objectives in the [Strategic Plan](#). While a good portion of this work has been delayed with the transitions in Finance and Lending, I continue to believe that we're in a much stronger position for the long run.
- [Executive Director Workplan](#). The [Homeownership Center](#) workplan and [Home/Rental Repair and HEAT Squad](#) have been developed. This work has been delayed with the transitions in the leadership team. There will not be a comprehensive workplan for lending or finance at this time, however I am confident that the day-to-day operations of these departments are well in hand, and the long-term objectives for each department from the strategic plan will be addressed at some point in the future. As we move through the year, all workplans will be adjusted.
- **Dashboards** – An overall strategic plan and programmatic dashboards will be forthcoming. This has taken far too long, and will again be delayed with the transitions in the leadership team. For the moment we continue to use the production dashboards that you have been receiving with your board packets.

COMMITTEES

FINANCE COMMITTEE and RESOURCE DEVELOPMENT REVIEW

- Finance Committee meets every first Wednesday of the month at 1130am. If you would like to attend, please let me know. Your representatives to the Finance Committee are Keri Franzoni and Melinda Humphrey.
- While the June financials should be available for your review, there has been another setback in Finance which has cut our Sr. Staff Accountant's time to three days a week for the last part of July and for all of August until school begins. Thus, the May Loan Committee workbook and narrative can be found in the portal. Christie, from Insero, will be with us for the board meeting to review the financials and answer questions.
- We are in the process of working on the FY23 budget, as well. It is a struggle without knowing when the grants for home repair and HEAT Squad will be available, however once they are known, we will more easily be able to look ahead and plan for FY24 and even FY25.
- Financial Policies – While we did approve those in June of 2022, Christie is providing an additional review and there will be further recommendations for a future conversation.

LOAN COMMITTEE

- Loan Committee meets every third Wednesday of the month at 430pm. If you would like to attend, please let me know. Your representative to the Loan Committee is Peg Flory.
- The July Loan Committee Workbook can be found in the portal. As I will be out of town to attend a NeighborWorks America new ED forum, I am recommending that the August Loan Committee meeting be cancelled.
- [Loan Policy](#) – I would encourage you to review this policy.

PROGRAMS COMMITTEE

- This continues to be a place holder for future development of a programs committee to review in more detail the funding, capacity and outcomes of the programs at NWWVT including those of the Homeownership Center as well as Home Repair, Rental Repair and HEAT Squad.
- As a reminder, the issue we've had is the lack of capacity of the board and staff to develop meaningful engagement activities other than providing the goals vs actuals in the monthly production dashboard.

LINES OF BUSINESS AND PROGRAMS

- [FY22 Production Goals](#) – These production goals are those provided to NeighborWorks America. At this time, with so much funding up in the air, we cannot update them for our internal purposes for HS, rental repair and home repair. For our lending and counseling programs, these goals are the goals we will include in our production reports to you.
- [FY 22 NWWVT Dashboard – June 2022](#). These are the production reports against goals. Please review the "about" and "analysis" section of each page of the production report for questions and concerns.

HOMEOWNERSHIP CENTER (HOC)

- **Shared Equity Program**
 - **Properties for sale:**
 - 9 River Street, Proctor – The owner of this property is not in compliance with the program.

- We have hired attorney Adam Power to work with us on purchasing and/or selling the home to the person currently in the home (the “renter”) – the owner renting to someone is not allowed under the Shared Equity program guidelines.
- We had been working with VHFA and Agency of Commerce and Community Development (Agency on allowing us to sell the home because it will be too expensive for a shared equity customer to purchase at this time. It has been in the program for 10 years, so VHFA and ACCD agreed.
- This has been an ongoing issue for nearly two years. The potential buyer (“renter” currently in the home) is seeking a VA loan and that takes considerable time for the purchase to go through.
- **NOTE:** We are trying to stick it out in that we could sell the property at market value (\$240,000 in July 2021). Therefore, there is considerable potential upside in the sale of this home (which is needed to rehab the other foreclosed and vacant properties we have on our balance sheet).
 - 264 Plains Rd, Pittsford – This **property sold** to a new Shared Equity customer!
 - [Property List](#) (link only)
- **Housing assistance programs:** Tricia was providing the counseling for the Housing Stabilization Program (mortgage and utility assistance through VCDP), Housing Assistance Program (mortgage assistance through VHFA), and VRAP (rental and utility assistance through the VT Housing Authority). As a point of reference, each of these had individual grant agreements with different reimbursement and reporting requirements. We have a small amount of funds left that we will be returning from the HSP. Because of the amount of work customers were requiring to assist with applications and our lack of capacity, we decided in the late spring to refer all future customers to BROCC. We were using the funds from the HSP program to cover Tricia’s salary when we were providing assistance to HAP customers with their applications. Because of the time that it would take to hire and train a counselor, in combination with the program ending in June of 2023, we decided not to replace the second housing counselor position at this time. That means that when people call for assistance with this program, we are referring them to Opportunities Credit Union for application assistance. I note all of this because while we want to provide these services to our customers, without a program to do cover those costs, it is one more budget hole that needs to be filled. Additionally, in retrospect, these programs required at least two additional counselors, not only one.
- **Homebuyer Education Class:**
 - We have two HBE educators who are contracted to provide the course, as well as preparation and follow-up. It costs us about \$500 per course and we charge \$100 per household. For the customer to receive the certificate (which *may be* required by the first mortgage lender), households are required to take one-hour of counseling with Nancy. This process requires extensive intake and follow-up by our customer service coordinators, as well. Thus, one can easily calculate the financial loss we take on providing this service given that we limit the class to 6 households per HBE class, which we hold monthly either in-person or virtually.
- **HOC Operations** – There are a great deal of compliance issue to be

REPAIR AND ENERGY EFFICIENCY PROGRAMS

HEAT Squad

- We continued to work with Efficiency Vermont on the funding we received from the state in FY 2021. We will likely have to retroactively provide grants to customers who have participated in our program this year, but without a grant agreement we are hesitant to publicize. Once we do have the grant agreement, we will be able to further market the program with these further incentives.

- We have submitted the initial paperwork to the Federal government for the \$500,000 allocation we received from the FY22 Federal Government through Congressionally Directed Spending. From our last communication with the Energy Committee staff, we were told that our project had not yet been assigned to a staffer. We have several questions about the match that may be required of us, as well as use of funds before we submit any further paperwork.

Home Repair

- We have modified our process for customer intake so that the Home Repair Coordinator is the first point of contact, as we feel that this is more in line with our core values in centering the customer. We continue to evaluate this process, by how the customer is reacting, as well as the number of projects we convert from home evaluations to projects using our grants and loans.

Rental Repair (Vermont Housing Improvement Program – VHIP)

- The current guidelines for the program include between \$30,000-\$50,000 in rehab dollars available to landlords who contribute a 20% match in funding sources and agree to house primarily the formerly homeless at HUD fair market rents for a period of 5 years.
- Round 1 - We currently have 24 units in our pipeline.
- Round 2 – We do not yet have a grant agreement to finalize our budget, however we have requested nearly \$3 million and an additional 92 units.

LENDING

- NWWVT is a Treasury Department [CDFI Fund](#) certified [Community Development Financial Institution](#) (CDFI). We are one of seven [CDFIs in Vermont](#). CDFI's *"... are specialized community based financial institutions with a primary mission to promote economic development by providing financial products and services to people and communities underserved by traditional financial institutions, particularly in low-income communities. CDFIs include community development banks and credit unions, and non-regulated institutions such as non-profit loan funds or venture capital funds."*
 - While we do provide extensive financial information annually, this CDFI status allows us to apply for *grant* dollars to which we can lend to the community for a variety of purposes (we've primary used our funds for down payment assistance lending).
 - While these funds are at no cost to us, the challenge with these funds is the amount of work it takes to complete an application, the extremely competitive nature of application process itself, and the requirement that 60% of these funds be provided to those households under 80% of area median income.
 - We currently have a grant for \$882,000 that was received during COVID as 'rapid recovery' funding. These funds must be spent by the end of 2023 and we are already half way through the spending of these funds. *CDFI Certification tracking document: Forthcoming.*
- Operations – Lending Team is meeting regularly every other week, and keeping track of a list of issues that need to be completed for better operations of the department. These are largely completed projects at this time, however this did include properly reporting to credit reporting agencies (complete), confirming adjustable rate mortgages are adjusted monthly (complete), understanding and properly accounting for the Participation Loan Program (PLP) loans through Peoples, Berkshire Bank + Bank of Middlebury, Peoples (M+T), and Heritage (ongoing), proper escrow accounting of and procedure creation for all loans where we escrow and then pay property taxes and/or utilities (ongoing – starting now as property tax bills are coming due), letter out to all customers on payments and availability of loan modifications (complete – will happen at the beginning of each year), corporate advances – we had provided advances to customers using our own unrestricted cash to 10 borrowers to assist them in paying for property taxes – we need to

reach out to do loan modifications (ongoing), among a few other smaller projects which are ongoing. These are critical issues that need to be monitored and managed by the Director in the future.

- Lending efforts have started slowly for 2022, and that anticipated slow down given continued COVID impacts, fuel costs and inflation have substantially impacted the amount of loans that we are receiving.
- Please see the loan committee workbook for updates on loans approved and loans in the portfolio as well as the value of the portfolio to date.

REDI (Race, Equity, Diversity and Inclusion)

- I continue to engage weekly with the Social Equity Caucus and bi-weekly with the White Affinity Group.
 - The **Social Equity Caucus** is a group of legislatures and community advocates which meets weekly. *"The mission of the Social Equity Caucus is to focus deliberately on improving outcomes for marginalized peoples and create a vehicle for Vermonters to access their representation, leadership and community. It is not enough to get rid of institutionalized inequality—we aim to institutionalize equity and inclusivity."*
 - The **White Affinity Group** is an affinity group of the SEC which meetings twice monthly. *"The purpose of the white affinity group of the Social Equity Caucus (SEC) is to name and address harmful, oppressive behaviors that perpetuate white supremacy culture and contribute to systemic racism in coordination with the SEC."*
 - Executive Director of Racial Equity, State of Vermont, [Xusana Davis's report](#) to the 2022 Vermont Legislature ([2021 Report](#))
- **NAACP, Rutland Chapter** – I am an individual member and attend these monthly meetings. Melinda is on the board and has provided me with contact information to engage the housing committee. I've reached out to the NAACP to volunteer for their housing committee.
- **NOTE:** I have been challenged by my schedule to attend as many of these events as I had been before the summer months. I am of the hope that I can get back to a more regular schedule in September.

PROPERTY PORTFOLIO

- Dashboard Review and Progress Updates
 - **Kazon Building** - 110 Marble Street (our office)
 - Capital improvements are needed at some point in the next few years.
 - Need to meet with attorney's who assisted in development to discuss exit of the LIHTC structure.
 - **290 Marble Street** – Apartments
 - Unit 4 - Due to the eviction of the tenant in unit 4, we are preparing for the rehab of that unit. A contractor is coming to do a site visit and prepare a scope of work by September.
 - Unit 3 – Due to many challenges with this tenant over the past several years, we are working with our attorney, Adam Power, on a request to the tenant to leave the property. We are working with the State Housing Authority who is working with Rutland Mental Health to remove the tenant without eviction and on a recommendation to keep his voucher. We will also provide him with an offer of \$3000 to leave the property without going through the eviction process.
 - Building -
 - Extensive repairs are needed to the entire building brick – need to get an estimate and consider funding for the summer.
 - Looking to *potentially* sell this property.
 - Continue to discuss options of building upkeep with property manager, Mike Lorriane of Technical Planning and Management Co, Inc.

- **October Hill:** Four ~2.5 acre lots donated ~2007 for affordable housing in Tinmouth, VT. One house was built, the other lots were never sold due to housing crisis in 2008+. Town agree to combine into two 5 acre lots.
 - This process of returning the land to the donor and providing additional land to the one homeowner is nearly complete. This should be completed by ~~June 2022~~ September 2022.
 - Attorney Tad Powers has developed new deed and covenants for this transaction. Working with Tinmouth Properties (donor) and the mortgage hold to finalize deeds and documents.
- **Single Family Homes** (due to foreclosures)
 - **32 Pageant St, Bennington**
 - Single Family home which needs extensive repairs. We have been provided a scope of work at a cost of \$180,000.
 - We just renewed insurance on the property in the amount of ~ \$800 for the year.
 - Funding for rehab:
 - VHCB has noted that they may be able to provide us funding to assist in the rehab of this home.
 - Bennington Hospital - We are working with a representative from the hospital such that they would provide assistance on the front end and be able to leave a small amount of equity in the home.
 - VHFA – We will be seeking funds from the “Missing Middle” funds that the legislature provided in the FY22 budget.
 - NWWVT - It is likely that will have to put something into this home, as well. This is a foreclosed Shared Equity Program home. It was foreclosed upon 5 years ago and for a variety of reasons I was provided, we have not rehab’d the home. It is only going to be left to further decay if we don’t do something very soon. Additionally, the City of Bennington, a representative for the area and neighbors have reached out to us very recently about the fact that we’ve left it for so long given the housing crisis.
 - We will likely put this property up for sale during rehab, but will first have to get an appraisal.
 - **211 Dorr Drive, Rutland** - This **property has been sold.**
 - Proceeds were \$36,682.38.
 - Since 2019 there has been \$58,832.97 in costs associated with this property, a majority of which came last year in the form of a tear down of a home that dated back to the late 1700’s. That cost was \$38,500.
 - We had planned to tear down that property, rehab the other property and sell it, however within a week of the tear down the other property had been burned out and we had no insurance on it. Thus, the decision was made to sell the property as is and move on given the costs of rehab.
 - **271 Frisbee Hill, Castleton**
 - Mobile Home is in very poor condition and should be removed.
 - We will be putting this up for sale soon. This reason for not doing so yet is capacity.
 - Property taxes are \$1084 per year.